

SUBJECT: Fiscal-Year (FY) 2005 2nd Quarter Audited Financial Statements (AFS)  
Guidance

This email provides the guidance for preparing the FY 2005 2nd Quarter Audited Financial Statements (AFS) as of March 31, 2005.

The attachments include information on the 2nd Quarter, FY 2005 reporting and requirements schedule, reporting entities, current interim policy, and relevant points-of-contact. These attachments supplement the DoD Financial Management Regulation, Volume 6B and provide additional guidance for the preparation of the FY 2005 AFS/UFS.

The FY 2005 AFS Schedule, Attachment 1, has been updated to reflect new suspense items and adjusted suspense dates. If you anticipate any conflicts in meeting your due dates, **please** provide the specifics immediately in an e-mail to DFAS-Arlington.

Attachment 2 identifies the significant changes that are applicable to the AFS process. This attachment includes directions for accessing financial statement crosswalks and mapping information directly from DDRS and the Treasury website as well as other updated pertinent information.

Attachment 3 is a copy of the certification letter that each reporting entity must prepare and the responsible Accounting Business Line Executive must sign. Attachment 4A provides instructions and a sample Customer Confirmation Letter. Attachment 4B provides instructions and sample Client Executive Certification Letters. Attachments 18 and 21 have been omitted, as they only apply to year-end processing. Attachments 5A through 5E will be sent at a later date. All other guidance is provided in additional attachments.

As provided in prior quarterly guidance, component level trial balances will need to be entered again into DDRS-AFS for those of you who used component level adjustments during FY 2003/FY2004.

Effective FY 2004 Year-End and each subsequent quarter, lines 2 and 3 on Note 15 B, Capital Lease Liability will not be populated using the "F" accounts. Instead, DDRS-AFS will populate these two lines using USSGL 2940N and the appropriate attributes. Ensure that you have properly coded the covered/not covered and funded liabilities for USSGL 2940N on your import sheets.

**Please provide the following documents in final version by 5:00 PM EDT April 15, 2005:**

- Balance Sheet
- Statement of Net Cost
- Statement of Changes in Net Position
- Statement of Budgetary Resources
- Statement of Financing

- Statement of Custodial Activity (Army and FMS)
- Required Reconciliations (due April 12th)
- Standard Guidance Checklist
- Customer Confirmation Letter (due April 16th)
- Certification Letter
- Footnote Narratives and Schedules
- Remaining reconciliations (due April 16th)

**Note the above statements and note narratives in draft format must be available in DDRS-AFS by 5:00 PM EDT, April 12, 2005.**

The quarterly guidance will be available on the DFAS e-Portal (<https://eportal.dfas.mil>) within the coming days. After accessing the e-Portal, please select Accounting, Audited Financial Statements and Compliance, Audited Financial Statements, FY 2005 2nd Quarter Guidance from DFAS-Arlington (Accounting).

From April 2 -21, 2005, we will resume our daily teleconferences. A teleconference schedule and the dial in information will be provided under separate cover. Additionally, we prefer that each Site select a POC that prepares the financial statements to serve as its contact with DFAS-Arlington.

The attachments include the following:

1. Attachment 1. Schedule
2. Attachment 2. Significant Changes for the AFS Reporting Process
3. Attachment 3. Certification Letter (Center Directors/Accounting Business Line Executives)
4. Attachment 4. Customer Confirmation Letter
  - 4A. Customer Confirmation Letter with Instructions
  - 4B. Client Executive Certification Letter
5. Attachment 5. DDRS Tools and Guidance **will be provided in separate correspondence** and includes:
  - 5A. DDRS Enhancements
  - 5B. Trial Balance Import Sheet
  - 5C. Trading Partner Import Sheet
  - 5D. Budgetary Import Sheet
  - 5E. Entity Code & Blocked Trading Partners List (this is included)

6. Attachment 6. Eliminations:
  - 6A. Elimination Process Table
  - 6B. Elimination Adjusting Entries
  - 6C. JV Categories
  - 6D. Elimination Waiver Memorandum – *Will not be issued 2<sup>nd</sup> Quarter*
  - 6E. Non DoD Trading Partners Codes
  - 6F. Coding of Foreign Military Sales Transactions
  - 6G. USSGL accounts - Treasury Trading Partner AT99
7. Attachment 7. FECA (Note: Dates are for illustrative purposes only)
8. Attachment 8. Judgment Fund
9. Attachment 9. Employee Benefits Reporting Guidance
10. Attachment 10. Fund Balance with Treasury for Working Capital Funds
11. Attachment 11A. Standard Guidance Checklist Cover Brief  
Attachment 11B. Standard Guidance Checklist
12. Attachment 12A. AFS Points-of-Contact List  
Attachment 12B. DFAS-Arlington Responsibilities Matrix  
Attachment 12C. Responsible Sites for FY 2004 AFS Preparation
13. Attachment 13A. Report, Footnote, or Reconciliation Mapping Changes Guidance  
Attachment 13B. Reconciliation Descriptions
14. Attachment 14A. Prior-Period Adjustments Guidance  
Attachment 14B. Presentation of Prior-Period Adjustments
15. Attachment 15. Allocation of Undistributed Disbursements and Collections
16. Attachment 16A. Education Benefits Interest Receivable Recognition  
Attachment 16B. Medicare-Eligible Retiree Health Care Fund Advancement Recognition
17. Attachment 17. Funded or Unfunded, Covered or Not Covered Liabilities
18. Attachment 18. Applicable at year-end only
19. Attachment 19A. Capitalized Assets Purchased, USSGL 8802  
Attachment 19B. PP&E Reporting Clarifications
20. Attachment 20. Statement of Financing Adjustments
21. Attachment 21. Applicable at year-end only

If you have questions or require further clarification, please contact Sherri' Anthony at (703) 601-2476 or [sherri.anthony@dfas.mil](mailto:sherri.anthony@dfas.mil).

Thank you for your cooperation.

Sherri' Anthony DFAS-Arlington, Financial Statements and Reporting